



# USA - AUSTRALIA



## Free Trade Agreement

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### Questions and Answers

- 1. Economic ties between the US and Australia are already strong so what's to be gained by having a free trade agreement?**

There are straightforward economic gains from reducing the remaining barriers to trade between our two countries.

Australia is the 8th largest foreign investor in the United States and the US is the largest foreign investor in Australia.

An FTA would result in greater business integration as American and Australian companies achieve synergies in innovation, research and development, material sourcing product development, marketing and information technology.

An FTA between Australia and the United States could be an important factor in 'competitive liberalisation' by setting the pace for other trade negotiations, in particular at the WTO.

And an FTA would help to engender a broader appreciation in both countries of our alliance and our common role helping to underpin the stability of East Asia and the Pacific region.

- 2. By focusing on a bilateral agreement between Australia and the US, won't this distract attention and resources from the main game - a new round of global trade liberalisation through the WTO?**

It is in both the US and Australia's interests to have an FTA that is comprehensive and consistent with our WTO obligations.

A comprehensive FTA will help build support for multilateral negotiations at the WTO. After all, the objective of bilateral and multilateral agreements is the same: more open economies and markets.

**3. The US economy is much larger than Australia's, so where are the gains for American business?**

The FTA proposed with Australia will be the largest economic linkage negotiated by the United States since NAFTA and the only one with an advanced, developed, industrialised economy.

There is no stronger nor larger economy to negotiate an FTA with than Australia.

Both countries are strongly committed to opening new markets and global free trade, including reform of agricultural trade. An FTA between Australia and the United States will help build momentum towards these shared objectives.

**4. Australia claims to be a free trade country, but doesn't it use SPS (sanitary and phyto-sanitary) measures to keep American exports out?**

No. Australia is an island continent free of many of the pests and diseases that affect agriculture in other countries. The Government is determined to prevent those pests and diseases from arriving in Australia. As a result, we have a stringent quarantine regime that insists on a high level of protection.

Australia's quarantine regime is transparent, scientifically based, and involves extensive consultation with domestic and international stakeholders.

Bilateral SPS issues between the US and Australia go both ways. We have been working closely together to improve understanding of each other's concerns and processes and how best to avoid unnecessary delays.

